PAY DIFFERENTIAL 80
MORTGAGE INSURANCE PROFIT BONUS – UNIT 01 AND EXCLUDED EMPLOYEES

Effective: 10/01/94

CLASS TITLE	CLASS CODE	CB/ID	EARNINGS ID	DEPARTMENT
Rank and File:			9O	California Housing Loan Insurance Fund (CHLIF) – a component of the California Housing Finance Agency
Mortgage Insurance Representative I	7526	R01		
Mortgage Insurance Representative II	7527			
Mortgage Insurance Specialist	7645			
Excluded:				
Mortgage Insurance Supervisor	7528	S01		
Mortgage Insurance Officer	7646	M01		

CRITERIA AND CALCULATIONS FOR DELINQUENCY AND CLAIMS

Eligible employees in these assignments will be entitled to a bonus not to exceed 10% of their base salary based on the performance of the loans insured by CHLIF in the employee's assigned territory annually. The bonus will be based on maintaining a delinquency rate of less than 1%.

The delinquency rate is derived by dividing the number of CHLIF insured loans in the eligible employee's assignment that are delinquent for a period of 90 days or more by the total number of CHLIF insured loans in the employee's assigned territory.

If the delinquency rate for the year is not more than 0.5%, the eligible employee will be entitled to maximum bonus of 10% of base salary. If the delinquency rate is more then 0.5% but less than 1%, the employee will be entitled to a proportional bonus based on the difference between 1% and the actual delinquency rate, as a percentage of 5%. For example, if the delinquency rate at the end of the year is 0.62%, the bonus percentage would be 76% of the maximum bonus payable, or 7.6% of base salary. It may be simpler to express this decimally, e.g., delinquency rate of 0.0062 subtracted from 0.01 equals 0.0038; 0.0038 divided by 0.05 leaves 0.076 to be applied to the base salary.

The following chart is illustrative of the delinquency and claims bonus structure based on five even delinquency rates. In actuality, the bonuses will be based on the delinquency rate calculated to the nearest hundredth of one percent (0.0001), which translates to two-tenths of one percent (0.002) of annual salary per the formula.

Delinquency	Bonus %
0.50%	10% of base salary
0.60%	8% of base salary
0.70%	6% of base salary
0.80%	4% of base salary
0.90%	2% of base salary
1.00%	0%

Criteria and Calculations for Customer Service, Product Development, Technical Services, and Underwriting Manager

Employees performing these functions will be eligible to receive a bonus not to exceed 10% of their base salary based on the return on equity percentage which exceeds 9%, as a percentage of 5%. The return on equity is based on the GAAP profit in the average fund equity for the 12 calendar months. For

example, if the return on equity at the end of the year is 11%, the bonus would be 40% of the maximum bonus payable, or 4% of salary (i.e., 11% minus 9% = 2% divided by 5% = 40% of the maximum bonus, or 0.04 of salary).

The following chart is illustrative of the bonus structure for these employees. In actuality, the bonuses will be calculated to the nearest tenth of one percent (0.001) of salary.

Profit %	Bonus %
14.00%	10% of base salary
13.00%	8% of base salary
12.00%	6% of base salary
11.00%	4% of base salary
10.00%	2% of base salary
9.00%	0%

Bonuses for eligible employees in all categories will be based on the 12 months from January through December and will be paid once per year as soon after December 31 as practicable. Bonuses will be prorated for employees not working a full year in an eligible assignment.

IF APPLICABLE, SHOULD PAY DIFFERENTIAL BE:	
SUBJECT TO PERS DEDUCTION	No

INCLUSION IN RATE TO CALCULATE THE FOLLOWING BENEFIT PAY	
OVERTIME	No/Yes(FLSA)
IDL	No
EIDL	No
NDI	No
LUMP SUM VACATION	No
LUMP SUM SICK	No
LUMP SUM EXTRA	No